

Anti-Money Laundering and Prevention of Anti-Social Transactions Policy

Owner: Hitachi Group Head of Risk Management (GHRM)

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Effective Date: April 1, 2021

Applicability: Global

Scope:

This Hitachi Group Anti-Money Laundering and Prevention of Anti-Social Transactions Policy (“Policy”) applies worldwide to Hitachi, Ltd. and all of its consolidated subsidiaries (“Hitachi Group”), to Hitachi Group’s workforce (meaning its officers, employees – whether full-time, part-time or temporary - and contractors) . And Hitachi Group’s workforce shall take steps to ensure that anyone doing business with or on behalf of Hitachi Group, including contractors, consultants, advisors, agents, lobbyists, distributors, resellers, suppliers and business associates, as well as their respective officers, employees and subcontractors (collectively “Hitachi Group Business Partners”) comply with the terms of this Policy.

Objective:

To ensure that Hitachi Group remains in compliance with all anti-money laundering laws in effect in all parts of the world in which it does business, as well as to demonstrate Hitachi Group’s firm commitment to acting with integrity at all times, to conducting business globally in an ethical and legal manner, and to avoiding anti-social transactions.

Background:

Corruption and different types of economic crime are now recognized as important issues around the world and most countries or regions have enacted some form of legislation to outlaw money laundering and other forms of unethical and corrupt business dealings, in both the public and private sectors. Hitachi Group has always prided itself on conducting its business ethically, but it is more important than ever that we make sure that we avoid even the perception of corrupt or illegal activities, including money-laundering and anti-social transactions.

Accordingly, Hitachi Group takes great care to guard against use by criminals of our products, services or solutions, or any transactions with us, to “launder” the proceeds of crime. While jail time and individual and corporate fines are well-publicized penalties, reputational damage and

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huge costs are other major problems faced by companies found guilty of involvement in money laundering and anti-social transactions.

This Policy reflects and expands on the provisions of the Hitachi Group Codes of Conduct and the Hitachi Group Code of Ethics and Compliance.

Statements of Principle:

- 1. Hitachi Group, its workforce and Hitachi Group Business Partners shall never engage in or tolerate money laundering, meaning that they shall not instigate or assist anyone in any conduct involving Hitachi products, services or solutions that violates fiscal, trade or anti-money laundering (AML) laws, including evasion of applicable taxes or import duties.**
- 2. Hitachi Group is committed to avoiding anti-social transactions that threaten public order and safety, including organized crime and terrorism financing.**
- 3. Accurate and complete currency and accounting records shall be kept of all transactions entered into in the course of Hitachi Group's business dealings.**

1. Meaning in the Statements of Principle of "money laundering"

Money laundering is the illegal process of making large amounts of money generated by criminal activity, such as fraud, tax evasion, counterfeiting or drug trafficking, appear to have come from a legitimate source.

2. Meaning of "anti-social transactions"

Anti-social transactions are transactions, whether direct or indirect and irrespective of the parties involved, that aid, abet, conceal or otherwise relate to a criminal act, including the financing of terrorism and any undertakings, such as investments and joint ventures, that involve anti-social forces (to include organizations and individuals on any country's sanctions lists).

3. Complying with AML Laws

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Hitachi Group only wants to do business with entities and individuals that share Hitachi's standards of integrity and values-based business practices. Even an arms-length association with third parties that violate AML laws may harm our reputation or create legal exposure for Hitachi. Hitachi Group's workforce should carefully assess all potential customers before entering into any business relationship with them, in order to detect any connections to parties engaged in money laundering or other illicit activities.

4. Forms of payment that comply with AML Laws

- a) Wire transfer or check from a bank account in the customer's name
- b) Cashier's check or bank draft issued by a bank in the country in which the customer is located

5. Examples of suspicious transactions related to money laundering

- a) Stated industry and size of customer are not aligned with the level of account activity/purchases
- b) Customer seeks to break up a single large transaction into multiple smaller ones
- c) Customer operates in a high risk country under the Corruption Perception Index (CPI) and insists on using a lawyer, accountant, notary, or other service provider as its purchasing agent
- d) Insufficient, contradictory or suspicious information about the end user, intended use, delivery methods, shipping routes, etc.
- e) Customer/distributor asking for a false description of the goods, services or solutions, re-classification, quantity modification, or over-valuation or under-valuation on transaction documents (invoices, bills of lading, etc.)
- f) Multiple payment methods requested to settle a single Hitachi Group invoice or group of invoices
- g) Payment in a currency other than the one defined in the contract
- h) Payment to or from a recipient other than the contracting party
- i) Payment in cash or in negotiable instruments that are the equivalent of cash
- j) Over-payments and requests for refunds

Should you learn that a customer is trying to buy Hitachi products, services or solutions with money that may have been laundered, you should immediately contact the Finance department or your organization's Legal and Compliance department ("Legal and Compliance"). NOTE: Under the laws of some countries, dealing in criminal proceeds may itself be considered criminal conduct.

6. Measures to Prevent Money Laundering and Anti-social Transactions

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Each Hitachi Group company will:

- a) Assign qualified staff to manage the promotion of AML awareness and the prevention of anti-social transactions within its organization.
- b) Periodically train its workforce (meaning its officers, employees – whether permanent, part-time or temporary – and contractors) on how to recognize and avoid money laundering and anti-social transactions.
- c) Human resources practices, including recruitment, promotion, training, performance evaluation, remuneration, recognition and business ethics in general, reflect these Rules;
- d) Undertake due diligence on all entities with which it does business, including when making investments, charitable donations and political contributions.
- e) Verify the legality and appropriateness of contract terms by undertaking the laid down procedure for “Legal Review and Approval of Contracts” .
- f) Obtain management and Finance approval of payment arrangements. Approving department Insist on documentation of the services actually rendered before paying the contractual compensation and expenses.
- g) Where applicable, include in contracts specific provisions that reject money laundering and anti-social transactions.
- h) Adopt best practices to prevent money laundering and anti-social transactions in its business dealings and carry out self-audits to ensure compliance with this Policy.

7. Exceptions to this Policy

Should any Hitachi Group company wish to adopt stricter or more lenient principles or examples than those outlined in this Policy, an application must be made in writing to the GHRM, whose decision on such exceptions will be final.

8. Hitachi’s Expectations

In order to comply with Hitachi’s commitment to conducting business in an ethical and legal manner worldwide, this Policy reflects the highest level of integrity expected of Hitachi Group, its workforce and Hitachi Group Business Partners, irrespective of any lesser requirements that may exist in any given region or country in which Hitachi Group does business.

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9. Accounting and Business Records

Many AML laws emphasize the need to keep accurate and timely books and records. Trying to hide or disguise money laundering through false accounting entries is not only against the law, but it will be treated as an exacerbating factor when penalties are being assessed. All records to demonstrate the compliance with this Policy must be retained in accordance with the relevant rules on retention of compliance related documents of the Hitachi Group. Contact Finance or Legal & Compliance, if you have any questions as to how to record payments, either made or received.

10. Personal Liability

While companies are fined large amounts for breaches of AML laws and for engaging in anti-social transactions, penalties for individuals may include both personal fines and significant jail time. Separately, Hitachi Group's workforce who violate this Policy will be subject to disciplinary action, up to and including termination of employment. Prompt and proper disciplinary action must be taken after undertaking proper investigation of all violations of this Policy, whether actual or suspected, carried out in accordance with the relevant rules on conducting compliance related internal investigations and compliance related disciplinary actions of the Hitachi Group.

11. Suspicions and Reporting Violations

You must report any actual or suspected instance of a breach of this Policy to your manager or Legal and Compliance. You may also file a report with the Hitachi Global Compliance Hotline ("Hotline"), either online or by phone. When using the Hotline, you may report anonymously, unless prohibited by local law. Hitachi Group will never retaliate against you or tolerate harassment, discrimination or retaliation by others, if you report in good faith.